

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6690

BILL NUMBER: SB 249

DATE PREPARED: Jan 14, 1999

BILL AMENDED:

SUBJECT: Twenty-first Century Scholarships for homeschool.

FISCAL ANALYST: Mark Goodpaster

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FUNDS AFFECTED: **X GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that students who participate in homebased instruction are eligible to participate in the Twenty-first Century Scholars Program.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill would expand the number of students who would be eligible to enroll in the 21st Century Scholars Program. This program targets students who are from families who qualify for the Federal Free or Reduced Lunch Program. Students sign a written commitment to graduate from an accredited high school, maintain at least a 2.0 average, and not commit any crimes infractions or delinquent acts. Students who successfully complete the program are eligible for funding from the state that would pay for the entire cost of college.

While students are still in high school, the State Student Assistance Commission and the Indiana Career and Postsecondary Placement Center which is located in Bloomington, provides support services for these students through mentoring services and outreach programs and frequent mailings. Expanding the number of students who would be eligible to enroll will increase the costs of the support services expand the pool of eligible applicants for college tuition assistance starting in the fifth year of the program and potentially increase the administrative costs.

This fiscal note does the following: it estimates the potential number of students who would be eligible for this program; it estimates the additional costs that would be associated with support services; it projects the amount of additional awards that would be spent based on the additional number of students who would enter the program, it also estimates the additional administrative costs that SSACI might incur with the additional students.

Estimating the number of New Students: The number of students who are home schooled is not well documented. The Department of Education reports that 11,000 students are registered as home schooled students in January, 1999. Based on a national study of home schoolers that was conducted in 1997, an estimated 9.2% of the home school population is in the 8th grade. Assuming this same distribution of students occurs in Indiana, then 1,012 students are in the 8th grade age.

To estimate the number of homeschooled students who are in families which qualify for the national free or reduced lunch program, it is assumed that the percentage would be 18%. Currently, the percentage of nonpublic school students who qualify for free and reduced lunch programs is 8% while 26% of students in public schools qualify for free or reduced lunches. 18% represents the middle range between these two.

The next step is to project the number of students who might enroll in the program and the number who would ultimately remain in the program through graduation. SSACI indicates that roughly half of the current population of eligible students in the 8th grade will enroll in the 21st Century Scholars Program and that half of these will successfully complete the program. SSACI also indicates that because home schooled families are often less receptive to publicly funded programs, that perhaps 25% of the total will initially enroll in the program but that most (90%) will likely complete the program because of stronger parental involvement.

Consequently, 44 students are projected to begin the program each year and that 40 of these will graduate and apply for financial assistance in five years.

The following table demonstrates how many students might be eligible beginning in FY 2000 leveling off after FY 2004.

<u>Fiscal Year</u>	<u>8th grade</u>	<u>9th grade</u>	<u>10th grade</u>	<u>11th grade</u>	<u>12th grade</u>	<u>Total</u>
2000	44					44
2001	44	43				87
2002	44	43	42			129
2003	44	43	42	41		170
2004	44	43	42	41	40	210
2005	44	43	42	41	40	210

Estimating the Additional Early Intervention Costs: One of the components of the 21st Century Scholars program is an early intervention program that provides mentoring, tutoring, career planning and other assistance to the students to keep to their pledges that they signed as 8th graders. SSACI estimates that the costs for providing these additional services on a per student basis would be \$107 beginning in 2000. A 3% inflation adjustment is included for each year.

<u>Fiscal Year</u>	<u># of Students</u>		<u>Cost per Student</u>		<u>Added Costs</u>
2000	44	x	\$107	=	\$4,708
2001	87	x	\$110	=	\$9,588
2002	129	x	\$114	=	\$14,644
2003	170	x	\$117	=	\$19,877
2004	210	x	\$120	=	\$25,290
2005	210	x	\$124	=	\$26,049

Estimated Expansion of Additional Awards: The 21st Century Scholars Program is designed so that students attending a state university who do not receive financial assistance for tuition will be awarded a full tuition scholarship. If students receive financial assistance for tuition, the remainder of the cost of tuition will be awarded. Students attending private institutions will receive a tuition scholarship equal to an average of the costs of full tuition at Indiana public schools, if they do not receive financial assistance for tuition. Students receiving financial assistance for tuition are awarded the remainder of the cost of tuition if it does not exceed the Indiana state school average.

To estimate the added requests from these three funds from this expanded pool of students, it is assumed that half of these students will enroll in private universities while half will enroll in state supported universities. The added requests for each of these funds as a result of this bill will begin in FY 2005, when these students graduate from high school and begin college and increase incrementally each year until FY 2008 when cohorts are in the program for each college year.

The added requests for awards from all three funds could increase from \$259,000 per year in FY 2005 to \$1.12 million by FY 2009.

Other Administrative Costs: In order to perform the proper outreach, SSACI would mail information about the program twice to the nearly 8,000 members of the Indiana Association of Home Educators. If each mailing costs \$3 for development, printing, mail services and postage, then the total cost for two mailings would be \$48,000.

SSACI also indicates that it may need an additional staff professional to assist in targeting this group. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions (11 vacant positions as of December 31, 1998), including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The following table shows the expenditures for FY 1997 through 1999 and the recommended appropriations for the 1999 - 2001 biennium by type of fund:

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
	Expenditures			Appropriations	
<u>Program Grant</u>	<u>actual</u>	<u>actual</u>	<u>estimated</u>	<u>recommended</u>	<u>recommended</u>
Freedom of Choice Grants	\$19,113,348	\$20,871,524	\$20,976,119	\$24,371,163	\$26,169,035
Higher Education Award	\$53,583,352	\$57,569,766	\$61,083,303	\$65,270,689	\$69,849,730
21st Century Scholars	\$3,604,603	\$4,858,898	\$5,745,425	\$5,989,656	\$7,024,039

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission

Local Agencies Affected:

Information Sources: Nick Vesper, Fred Hake, State Student Assistance Commission; Connie Pulliam Indianan Association of Home Educators; Department of Education Data Bases